UNITED NATIONS

ECONOMIC AND SOCIAL COUNCIL

Distr.
LIMITED

E/ECA/TRADE/41/Rev.3
18 August 1986

Original: ENGLISH

ECONOMIC COMMISSION FOR AFRICA

Fourth Meeting of the Intergovernmental Group of Experts on the Establishment of an African Monetary Fund

Libreville, Gabon, 16-17 June 1986

ECONOMIC COMMISSION FOR AFRICA

Conference of African Ministers of of Finance on the Establishment of an African Monetary Fund

Libreville, Gabon, 17-22 June 1986

LC/NAIROBI.

REVISED DRAFT ARTICLES OF AGREEMENT OF THE AFRICAN MONETARY FUND

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CHAPTER I

ESTABLISHMENT AND MEMBERSHIP

ARTICLE I

Establishment and membership

1. There is hereby established the African Monetary Fund (hereinafter referred to as "the Fund").

2. [Membership of the Fund shall be open to the following:

(a) All independent African States, namely: Algeria, Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Congo, Cote d'Ivoire, Djibouti, Egypt, Equatorial Guinea, Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea Bissau, Kenya, Lesotho, Liberia, Libya, Madagascar, Malawi, Mali, Mauritania, Mauritius, Morocco, Mozambique, Niger, Nigeria, Rwanda, Sao Tome and Principe, Senegal, Seychelles, Sierra Leone, Somalia, Sudan, Swaziland, Tanzania, Togo, Tunisia, Uganda, Zaire, Zambia and Zimbabwe.

(b) Any other African country that attains the status of sovereign independence;

(c) Non-regional countries and institutions which subscribe to the capital and become members of the Fund under the terms and conditions to be determined by the Board of Governors.

3. The Member States of the Fund shall be the African States set out in sub-paragraph (a) of paragraph 2 of this Article that sign, ratify or accede to this Agreement.] 1/

1/ Paragraphs 2 and 3 of Article 1 above were referred to the Ministers for decision.

CHAPTER II

OBJECTIVES AND FUNCTIONS

ARTICLE 2

Objectives

It shall be the objectives of the Fund to promote co-operation and development in all fields of monetary and financial affairs of the Regional Member States with a view to raising the standard of living of their peoples, to foster closer relations among the Regional Member States and to contribute to the progress and development of the African continent. In particular the Fund shall:

(a) assist in the reduction of deficits in the balance of payments of the Regional Member States and facilitate the implementation of programmes designed to restructure and adjust their economies;

(b) assist in the expansion of balanced intra-African trade as a means of contributing to the economic and social development of African countries;

(c) promote monetary and financial co-operation among African countries with a view to facilitating the achievement of economic integration;

(d) act as a Pan-African forum for consultation, co-ordination and the taking of collective action with respect to monetary and financial issues; and

(e) promote the stability of African currencies and orderly exchange rate systems in Africa.

ARTICLE 3

Functions

In order to achieve the objectives set out in Article 2 of this Agreement, the Fund shall:

(a) provide short-term and medium-term financing and credit facilities to the Regional Member States in order to assist them to finance their overall balance of payments deficits and those arising from intra-African trade transactions;

(b) provide to the Regional Member States credit and other facilities for the promotion of intra-African trade;

(c) provide short-term and medium-term financing and credit facilities to the Regional Member States in order to assist them to implement programmes designed to restructure and adjust their economies;

(d) undertake measures designed to promote the stability and convertibility with each other, of the currencies of the Regional Member States;

(e) mobilize the resources necessary, from within and outside Africa, for the fulfillment of its objectives;

(f) with the consent of its members, act as a depository for their foreign reserves and gold, acquire gold and securities on their behalf and maintain, sell or otherwise dispose of such gold and securities as may be decided from time to time by the members concerned;

(g) provide information to the Regional Member States on alternative sources, including bilateral and multilateral sources, of loans and credits and other forms of funding for balance-of-payments deficit financing and the implementation of programmes designed to restructure and adjust their economies and, where appropriate, guarantee such loans, credits and other forms of financing;

(h) establish, accept, hold and manage any other funds entrusted to it for the benefit of the Regional Member States, by Regional Member States, (Non-Regional Member States or any other States or organizations),

(i) undertake in collaboration with other African institutions research, analysis and studies on the economic and social conditions of the Regional Member States, programmes intended to encourage monetary and financial co-operation among the Regional Member States and on matters that would promote the achievement of the objectives of the Fund and make the results of such research available to the Regional Member States concerned;

(j) provide facilities for the development of the technical and managerial skills with respect to budgetary and monetary policies and central banking as may be required by the Regional Member States;

(k) take appropriate measures to enhance the development of capital and money markets in the African region;

(l) conduct periodic consultations with the Regional Member States on their economies, particularly on monetary exchange rates, exchange control and fiscal polcies pursued by the Regional Member States with a view to, inter-alia, promoting co-operation among the Regional Member States in these areas, and

(m) perform such other functions as may from time to time be required under this Agreement for the achievement of its objectives.

CHAPTER III

ORDINARY RESOURCES

ARTICLE 4

Definition of resources

The ordinary resources of the Fund shall include:

(a) subscribed capital;

(b) reserves;

(c) loans and credits obtained by the Fund; and

(e) any other resources so determined by the Board of Governors.

ARTICLE 5

Authorized capital

1. The initial authorized capital of the Fund shall be two billion (2,000,000,000) African Units of Account (AUA). It shall be divided into two hundred thousand (200,000) shares of a par value of ten thousand (10,000) African Unit of Account; each share shall be available for subscription by members of the Fund in accordance with the provisions of Article 6 of this Agreement.

2. Unless otherwise decided by the Board of Governors, the African Unit of Account (AUA) shall be equivalent to one Special Drawing Right of the International Monetary Fund.

3. The initial authorized capital of the Fund shall be divided into paid-in shares and callable shares. The equivalent of five hundred million (500,000,000) AUA shall be the paid-in portion of the amount to be subscribed by the Regional Member States. [The equivalent of two hundred fifty million (250,000,000) AUA shall be the paid-in portion of the amount to be subscribed by the members of the Fund other than the Regional Member States]. 2/ The total number of shares

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2/ The issue of non-regional participation in the Fund was referred to the Ministers for decision.

available for subscription should be such that, if fully subscribed, would result in the Regional Member States holding two-thirds of the total voting power and the other members of the Fund holding one-third of the total voting power.

ARTICLE 6

Subscription of shares

1. Each Regional Member State shall subscribe to shares of the authorized capital of the Fund on the basis of the formula determined by the Board of Governors as set out in Schedule A to this Agreement provided that no Regional Member States shall be required to subscribe less than 1 per cent or more than 10 per cent of the total authorized capital reserved exclusively for the Regional Member States.

2. [Members of the Fund other than the Regional Member States, shall subscribe to the shares of the capital of the Fund in accordance with a formula to be determined by the Board of Governors from time to time.]

3. [The initial subscriptions of the members of the Fund other than the Regional Member States, to the authorized capital of the Fund shall be determined by the Fund but no subscriptions shall be authorized which would have the effect of reducing at any time, the percentage of capital held by the Regional Member States below 66.67 per cent of the total subscribed capital.]

4. Shares shall not be pledged or encumbered in any manner whatsoever and they shall be transferrable only to the Fund.

5. The liability of the members of the Fund on shares shall be limited to the unpaid portion of the issue price of the shares.

6. No member of the Fund shall be liable by reason only of its membership of the Fund, for obligations of the Fund, beyond the limits set by this Agreement.

ARTICLE 7

Increase of capital

1. The authorized capital of the Fund may be increased by a resolution of the Board of Governors approved by a vote representing an eighty-five per cent majority of the total voting power of the members of the Fund.

2. Any increase in the authorized capital of the Fund shall be allocated for subscription to Regional Member States and other members of the Fund in such proportions that the respective groups shall have available for subscription that number of shares which, if fully subscribed, would result in the Regional Member States holding two-thirds of the total voting power and the other members of the Fund holding one-third of the total voting power.

3. If the authorized capital of the Fund is increased the following provisions shall apply:

(a) subject to the provisions of Article 6 of this Agreement, subscriptions to any increase of the authorized capital shall be subject to such terms and conditions as the Board of Governors shall determine;

(b) the Regional Member States may subscribe to the increased capital in accordance with the provisions of paragraph 1 of the Article 6 of this Agreement relating to the making of initial capital subcriptions; provided that the maximum limits set out therein may be exceeded with the consent of the Board of Governors;

(c) [each member of the Fund other than a Regional Member States, shall be given a reasonable opportunity to subscribe to a proportion of the increase of capital equivalent to the proportion which its capital therefor subscribed bears to the total subscribed capital immediately prior to such increase:

Provided that:

(i) no such member shall be obliged to subscribe to any part of an increase of capital;

(ii) the provisions of sub-paragraphs (b) and (c) of this paragraph shall not apply in respect of any increase or portion of an increase in the authorized capital which is intended solely to give effect to determinations by the Fund under paragraph 3 of Article 6 of this Agreement; and

(iii) subscriptions shall be restricted proportionately to the extent necessary to ensure that at any time the percentage of capital held by the Regional Member States remains not less than 66.67 per cent of the total subscribed capital.]

ARTICLE 8

Payment of subscriptions

1. Payment of the amount to be initially subscribed to the paid-in capital of the Fund shall be made by the Regional Member States in five instalments.

2. The first instalment shall be forty per cent of the paid-in capital due from Regional Member States which shall be paid within eighteen months of the entry into force of this Agreement.

3. The remainder of the paid-in capital shall be payable in four equal instalments each twelve months beginning from the end of the eighteen months referred to in paragraph 2 of this Article.

4. The payment of the instalments to the initial subscribed paid-in capital shall be made in ... 3/

3/ The currency of payment was referred to the Ministers for final decision. See Report of the third meeting of the Intergovernmental Group of Experts from Ministries of Finance, Central Banks and Legal Departments on the Establishment of an African Monetary Fund (Doc. No. E/ECA/CM.12/32).

5. Except for the first instalment, payments of instalments in convertible currencies as may be prescribed under paragraph 4 of this Article shall be made by crediting accounts designated for that purpose by the Fund. Payments of instalments in national currencies as may be prescribed under paragraph 4 of this Article shall be paid into accounts opened for that purpose on behalf of the Fund in the central banks of the Regional Member States: Provided that Regional Member States or their central banks may instead of making payments of such national currencies, issue irrevocale bonds or similar liabilities which shall not be negotiable, be free of interest and be payable on demand at their nominal value and credited into the accounts opened on behalf of the Fund in the central banks of the Regional Member States.

6. Until the first meeting of the Board of Governors, the payment of the first instalment in convertible currencies referred to in paragraph 2 of this Article shall be made to the Executive Secretary of the United Nations Economic Commission for Africa (hereinafter referred to as "the Executive Secretary"), as Trustee for the Fund.

7. Payment of the amount subscribed on callable shares of the capital of the Fund shall be subject to call, on the recommendation of the Board of Executive Directors to the Board of Governors as and when the amount thereof shall be required by the Fund:

(a) to repay moneys raised by the Fund in capital markets, borrowed or otherwise acquired by the Fund for the purpose of making or participating in direct loans;

(b) to pay or repay any loan or loans guaranteed in whole or in part by the Fund in furtherance of its objectives; and

(c) for any other need or needs as the Board of Governors may deem fit.

8. In the event of a call being made in terms of paragraph 7 of this Article payment may be made as decided by the Fund in convertible currency or in the currency required to discharge the obligations of the Fund for the purposes of which the call is made. Calls on unpaid subscriptions shall be uniform in percentage on all callable shares.

ARTICLE 9

Reserves

1. The Fund shall establish general reserves. It may also establish special reserves whose purpose and amount shall be determined by the Board of Governors.

2. The general and special reserves shall consist of such amounts of the net income of the Fund as may be determined by the Board of Governors.

ARTICLE 10

Borrowing

1. The Fund shall have the power to borrow funds, obtain credits and accept deposits and co-financing to finance its operations in conformity with such terms and conditions as may be determined by the Board of Governors.

2. The maximum debt of the Fund shall not exceed at anytime the sum total of the authorized capital and general reserves.

CHAPTER IV

SPECIAL FUNDS

ARTICLE 11

Establishment and use of Special Funds

1. The Fund may establish, be entrusted with or accept the administration of Special Funds from such sources as it considers appropriate which are designed to promote the objectives of the Fund on such terms and conditions as are consistent with the purposes, operation and policies of the Fund and which will not impose undue administrative or financial burden on the Fund.

2. Special Funds referred to in paragraph 1 of this Article shall be used in such manner and upon such terms and conditions as are not inconsistent with the objectives of the Fund and the agreement under which such funds are established, entrusted to or accepted by the Fund for administration.

3. The Board of Governors shall make such regulations as may be necessary for the administration and use of each Special Fund. Such regulations shall be consistent with the provisions of this Agreement, other than those provisions which expressly relate only to the ordinary operations of the Fund.

CHAPTER V
OPERATIONS AND TRANSACTIONS

ARTICLE 12
Use of resources

The resources and facilities of the Fund shall be used with adequate safeguards, for the benefit of the Regional Member States and to fulfil the objectives of the Fund as set out in Article 2 of this Agreement.

ARTICLE 13
Ordinary and special operations

1. The operations of the Fund shall consist of ordinary operations and special operations.

2. The ordinary operations shall be those financed from the ordinary resources of the Fund as defined in Article 4 of the Agreement.

3. The ordinary resources and the Special Funds of the Fund shall at all times and in all respects be held, used, committed, invested or otherwise disposed of entirely separately from each other.

4. The ordinary resources shall not be charged with or used to discharge losses or liabilities arising out of special operations of the Fund for which the Special Funds were originally used or committed.

5. The Special Funds shall not be charged with or used to discharge losses or liabilities arising out of ordinary operations of the Fund for which ordinary resources were originally used or committed.

6. Expenses relating directly to ordinary operations and special operations shall be charged to ordinary resources and Special Funds respectively. Any other expenses shall be charged as the Fund shall determine.

ARTICLE 14

Methods of operation

1. Subject to the conditions set out in this Agreement, the Fund may provide or facilitate financing to the Regional Member States:

(a) by making or participating in direct loans or granting credits with its unimpaired paid-in capital, its reserves and undistributed surplus or with its unimpaired Special Funds;

(b) by making or participating in direct loans with funds raised by the Fund in capital markets or borrowed or otherwise acquired by the Fund for inclusion in its ordinary resources;

(c) by guaranteeing, in whole or in part, loans or credits made or granted by others for the purpose of achieving the objectives of the Fund.

ARTICLE 15

Limitations on operations

1. The total amount outstanding on loans and guarantees made by the Fund in its ordinary operations shall not at any time exceed the total amount of the ordinary resources of the Fund.

2. The total amount outstanding in respect of the special operations of the Fund relating to any Special Fund shall not at any time exceed the total amount of the unimpaired special resources appertaining to that Special Fund.

3. In the case of guarantees given by the Fund in the course of its ordinary operations, the total amount guaranteed shall unless the Board of Governors otherwise decide, not exceed [10 per cent] of the aggregate amount of the unimpaired paid-in capital of the Fund actually paid up at any given time together with the reserves and surplus included in its ordinary resources excluding the Special Reserve.

ARTICLE 16

Provision of currencies for loans
and other financial transactions

In making loans or in undertaking other financial transactions, the Fund shall provide financing in the following ways:

(a) by furnishing the borrower subject to the conditions set out in this Agreement, with currencies other than the currency of the Regional Member State which is to benefit from the financing, and which are needed by the Regional Member State to meet balance of payment deficits, or

(b) by providing where possible to the Regional Member States, local currencies in such amounts as may be determined by the Board of Governors for the promotion of intra-African trade.

ARTICLE 17

Operating principles

In pursuance of its objectives as set out in Article 2 of this Agreement, the Fund shall in granting financing and credit facilities to the Regional Member States, be guided by the following principles.

(a) the size, terms and conditions of individual financing shall be determined by the Board of Executive Directors taking into account the type of programme to be financed and the deficit in the balance of payments and special economic circumstances of the Regional Member State concerned.

(b) the Fund shall so conduct its operations as to earn a reasonable return on its capital and other resources;

(c) in considering an application for financing or guarantee, the Fund shall pay due regard to the volume of borrowing by the borrower from the Fund in relation to its paid-up subscription and in accordance with the limits to be prescribed by the Board of Executive Directors;

(d) in providing financing or guarantee, the Fund shall pay due regard to the prospects that the borrower will be able to meet its obligations under the loan contract;

(e) in providing financing or guarantee on favourable terms and conditions, the Fund shall, taking into account the profits made by the Fund, endeavour to grant more favourable terms and conditions if the financing or guarantee relates to deficits in the balance of payments of a Regional Member State resulting from intra-African trade transactions;

(f) where financing or a guarantee is for the financing of a balance of payments deficit, the Fund and the Regional Member State concerned shall agree on a programme of specific measures to reduce and eliminate such deficit;

(g) the Fund shall ensure that every financing or guarantee contract entered into by it shall contain provisions which require the borrower to provide the necessary information that would enable the Fund to monitor the implementation of the related economic programme designed to be followed to enable the borrower to repay the financing provided.

ARTICLE 18

Terms and conditions for financing and guarantees

1. A contract of financing or guarantee shall establish in conformity with this Agreement, the terms and conditions of the financing or guarantee concerned.

2. The contract shall provide that all payments to the Fund under the contract shall be made in the currency loaned or any convertible currency as may be determined by the Fund.

ARTICLE 19

Methods of meeting liabilities of the Fund

Payments in discharge of the liabilities of the Fund on borrowing or guarantees chargeable to its ordinary resources shall be charged, to the extent necessary and at the discretion of the Fund, against reserves, surplus and capital available to the Fund.

ARTICLE 20

Commissions and fees

1. In addition to interest, the Fund shall charge a commission on direct loans made and guarantees given as part of its ordinary operations. The rate of this commission, the method of its computation and manner of payment shall be determined by the Board of Executive Directors.

2. In guaranteeing a loan as part of its ordinary operations, the Fund shall impose such charges as may be determined by the Board of Executive Directors.

3. Other charges of the Fund in its ordinary operations and the commission, fees or other charges in relation to its special operations, shall be determined by the Board of Executive Directors.

ARTICLE 21

Valuation of currencies

1. Whenever it shall become necessary under this Agreement to determine the value of any currency in terms of another currency or currencies or of the AUA, such valuation shall be reasonably made by the Board of Executive Directors after consultations with the International Monetary Fund.

2. In the case of a currency which does not have a par value established with the International Monetary Fund, the value of such currency in terms of the AUA shall be determined from time to time by the Board of Executive Directors pursuant to paragraph 1 of this Article and the value so determined shall be treated as if it were the par value of such currency for the purposes of this Agreement.

ARTICLE 22

Uses of currencies

1. The Regional Member States and other States which are members of the Fund may not maintain or impose any restrictions on the holding or use by the Fund or by any recipient from the Fund for payments in any country of the following:

(a) currencies received by the Fund in payment of subscriptions to its capital;

(b) currencies purchased with the currencies referred to in sub-paragraph (a) of this paragraph;

(c) currencies received by the Fund by borrowing for inclusion in its ordinary capital resources; and

(d) currencies received by the Fund in payment of principal, interest or other charges in respect of loans and guarantees or in payment of fees in respect of guarantees made and other services rendered by the fund.

2. The Regional Member States and other States which are members of the Fund, may not maintain or impose any restrictions on the holding or use by the Fund or by any recipient from the Fund for payments in any country, of currency received by the Fund which does not come within the provisions of paragraph 1 of this Article unless such currency forms part of the resources of the Fund and its use is subject to special regulations.

ARTICLE 23

Prohibition as to certain resources

The Fund shall not accept loans, special funds or assistance that may in any way prejudice, limit, deflect or otherwise alter its objectives or functions.

CHAPTER VI

ORGANIZATION AND MANAGEMENT

ARTICLE 24

Organs

The Fund shall have:

(a) a Board of Governors
(b) a Board of Executive Directors
(c) a Managing Director and Deputy Managing Director;
(d) a Secretariat, and
(e) such other technical and specialized bodies as the Board of Governors or the Board of Executive Directors may deem necessary for the efficient implementation of the provisions of this Agreement.

ARTICLE 25

Board of Governors - composition, functions and procedure

1. The Board of Governors shall be composed of the Governors and their Alternates of each member of the Fund. Each member of the Fund shall appoint one Governor and one Alternate Governor who shall serve as such, at the pleasure of the member of the Fund appointing them. No Alternate Governor may vote except in the absence of his principal. The Board of Governors shall at the beginning of each ordinary meeting, elect one of the Governors as Chairman. The Chairman shall hold office until the next ordinary meeting of the Board of Governors.

2. All the powers of the Fund shall, subject to the provisions of this Agreement, be vested in the Board of Governors. In particular, the Board of Governors shall determine the overall policy of the Fund.

3. The Board of Governors may delegate to the Board of Executive Directors all its powers except its powers to:

(a) determine the overall policy of the Fund;
(b) appoint the Managing Director and Deputy Managing Director;
(c) determine or alter the capital structure of the Fund;
(d) establish, abolish or accept the administration of any special funds;
(e) establish, revise or allocate subscriptions;
(f) amend this Agreement;
(g) approve the final accounts of the Fund for each financial year;
(h) approve the appointment of the auditors of the Fund;
(i) determine the remuneration and other terms and conditions of service of the Executive Directors, Alternate Executive Directors, the Managing Director and the Deputy Managing Director;
(j) authorize the entering into arrangements setting out general areas of co-operation, between the Fund and States and organizations within or outside Africa;
(k) decide on the dissolution of the Fund; and
(l) approve the admission and suspension of members of the Fund.

4. The Board of Governors shall retain full powers to exercise authority over any matter delegated to the Board of Executive Directors under paragraph 3 of this Article.

5. Governors and Alternate Governors shall serve as such without any remuneration from the Fund, but the Fund may pay them reasonable expenses incurred in attending meetings.

6. The Board of Governors shall meet in ordinary session at least once a year and shall also meet in extraordinary session upon the request by members of the Fund having one-quarter of the total voting power or by the Board of Executive Directors.

7. The quorum of any meeting of the Board of Governors shall be a majority of the Governors having not less than two-thirds of the total voting power.

8. Subject to the provisions of this Agreement, the Board of Governors shall determine its own procedures including the convening of its meetings, for the conduct of business thereat and at other times and for the rotation of the office of chairman among its members.

9. The rules of the procedure of the Board of Governors may make provisions enabling the Board of Governors where it finds it to be in the interest of the Fund, to obtain in respect of a specific question the votes of its members without the necessity of holding a meeting of the Board of Governors.

ARTICLE 26

Board of Executive Directors - composition and functions

1. [The Board of Executive Directors shall initially be composed of nine Executive Directors who shall not be Governors or Alternate Governors, of which six Executive Directors shall be elected by the Governors of the Regional Member States and two Executive Directors by the Governors of the other members of the Fund. The Executive Directors shall be elected by the Governors in accordance with the provisions of Schedule B to this Agreement: Provided however that the Board of Governors shall have the power to vary the number of the Executive Directors when it deems it necessary.]

2. The Governors shall elect for each Executive Director in accordance with the provisions of Schedule B to this Agreement, an Alternate Executive Director who shall act for his principal when he is not present. Executive Directors and their alternates shall be nationals of the Regional Member States and other States which are members of the Fund; but no Alternate may be of the same nationality as his Executive Director. An Alternate shall participate in meetings of the Board of Executive Directors but may vote only when he is acting in the place of his Executive Director.

3. Executive Directors and Alternate Executive Directors shall be elected for a term of three years and may be eligible for re-election for one more term only. They shall continue in office until their successors are elected. If the office

of Executive Director or Alternate Executive Director becomes vacant more than 90 days before the end of his term, a successor shall be elected in accordance with the provisions of Schedule B to this Agreement for the remainder of the term by the Governors at the next session of the Board of Governors. While the office of of Executive Director remains vacant, the Alternate of the former Executive Director shall exercise the powers of the latter.

4. Without prejudice to the powers of the Board of Governors as provided for in Article 25 of this Agreement, the Board of Executive Directors shall be responsible for the conduct of the general operations of the Fund and for this purpose, shall in addition to the power provided for it expressly in this Agreement and powers delegated to it by the Board of Governors in particular:

(a) appoint such technical or other sub-committees as it deems necessary;

(b) approve the budget of the Fund;

(c) prepare the agenda of the annual meetings of the Board of Governors;

(d) in conformity with the general directives of the Board of Governors, take decisions on particular economic reforms and related stabilisation programmes, the provision of credit facilities, borrowing by the Fund and requests for financing under the various facilities and the general financial services of the Fund;

(e) determine the rates of interest on loans, commissions and fees for guarantees and other financial transactions of a similar kind;

(f) submit the accounts for each financial year and an annual report for approval to the Board of Governors at each of their annual meetings; and

(g) determine the general structure of the services of the Fund.

ARTICLE 27

Procedure of the Board of Executive Directors

1. The Board of Executive Directors shall function in continuous session at the Principal Offices of the Fund and shall meet as often as the business of the Fund may require: Provided however that during the first five years of the operations of the Fund, the members of the Board of Executive Directors shall not reside permanently at the Principal Offices of the Fund.

2. The Managing Director and in his absence, the Deputy Managing Director, shall be the Chairman of the Board of Executive Directors. Meetings of the Board of Executive Directors shall be convened by the Managing Director and in his absence by the Deputy Managing Director. Meetings other than ordinary meetings of the Board of Executive Directors shall be convened:

(a) whenever the Managing Director or in his absence the Deputy Managing Director deems it necessary, or

(b) whenever a two-thirds majority of the members of the Board of Executive Directors so request.

3. The Chairman of the Board of Executive Directors shall have no vote except a deciding or casting vote in the case of an equality of votes.

4. A quorum for any meeting of the Board of Executive Directors shall be a simple majority of the total number of Executive Directorships provided that those present represent not less than two-thirds of the total voting power of the members of the Fund.

ARTICLE 28

Managing Director - Deputy Managing Director - Office, Functions and Status

1. The Managing Director and Deputy Managing Director shall each hold office for a period of five years which may be renewed. The Managing Director or the Deputy Managing Director shall, however, be removed from office if the Board of Executive

Directors so decides by a two-thirds majority of the voting power of the Regional Member States. The Board of Executive Directors shall appoint an Acting Managing Director or Acting Deputy Managing Director as the case may be, and promptly inform the Board of Governors of such decision and of its reasons therefor. The Board of Governors shall make a final decision on the matter at its next ordinary meeting, if such suspension occurs not more than ninety days before that meeting, otherwise at a special meeting to be called by its Chairman. The Board of Governors may remove the Managing Director or the Deputy Managing Director from office by a resolution adopted by a majority of the voting power of the members including a majority of the voting power of the Regional Member States.

2. While holding office as such, the Managing Director or the Deputy Managing Director may not at the same time be a Governor or an Executive Director or an Alternate for either.

3. The Managing Director shall be chief of the staff of the Fund and shall conduct, under the direction of the Board of Executive Directors, the ordinary business of the Fund. Subject to the general control of the Board of Executive Directors, he shall be responsible for the organization, appointment and dismissal of the staff of the Fund..

4. In appointing the staff of the Fund, the Managing Director shall, subject to the paramount importance of securing the highest standards of efficiency and technical competence, pay due regard to the importance of recruiting personnel on as wide a geographical basis as possible, having due regard to the regional character of the Fund and the participation of States other than the Regional Member States, in the Fund.

5. The Managing Director shall be the legal representative of the Fund. The Deputy Managing Director shall act as legal representative of the Fund in the absence of the Managing Director.

6. The Managing Director shall convene and ensure the servicing of all meetings of the Board of Governors, the Board of Executive Directors and the technical and specialized committees of the Fund.

7. The Managing Director shall perform any other functions assigned to him by the Board of Governors or the Board of Executive Directors.

8. The Managing Director, Deputy Managing Director and staff of the Fund, in the discharge of their functions, shall owe their duty entirely to the Fund and to no other authority. Each member of the Fund shall respect the international character of this duty and shall refrain from all attempts to influence any of the staff in the discharge of these functions.

ARTICLE 29

Voting

1. Each member of the Fund shall have 250 votes regardless of the number of shares held by it plus one vote in respect of each paid-in share held by the member.

2. In voting in the Board of Governors, each Governor shall be entitled to cast the votes of the member he represents. Except as otherwise expressly provided in this Agreement, all matters before the Board of Governors shall be decided by a majority of the voting power represented at the meeting.

3. In voting in the Board of Executive Directors, each Executive Director shall be entitled to cast the number of votes of the members that the Executive Director represents in the Fund which votes need not be cast as a unit. Except as otherwise expressly provided in this Agreement, all matters before the Board of Executive Directors shall be decided by a majority of the voting power represented at the meeting.

ARTICLE 30

Principal office of the Fund

The Principal Office of the Fund shall be situated at a place within Africa to be determined by the Board of Governors. The Fund may establish other offices at such other places as the Board of Governors shall determine.

ARTICLE 31

Channel of communications

Each member of the Fund shall designate a competent authority to communicate with the Fund in connection with any matter arising under this Agreement.

ARTICLE 32

Working languages

The working languages of the Fund shall be Arabic, English and French.

ARTICLE 33

Accounts and reports

1. The Board of Executive Directors shall ensure that proper accounts and proper records are kept in relation to the operations of the Fund and such accounts shall be audited in respect of each financial year by Auditors appointed by the Board of Governors.

2. The Fund shall prepare and transmit to the Board of Governors and shall also publish, an annual report containing a certified statement of its accounts.

3. The certified financial statements of the Fund shall show ordinary operations and the operations of each special Fund separately.

4. The Fund any also publish such other reports as it considers desirable for achieving its objectives and such reports shall be transmitted to the members of the Fund.

ARTICLE 34

Allocation of net income

The Board of Governors shall determine annually what part of its net income, including net income accruing to its Special Funds, shall be allocated to reserves, surplus, any Special Funds and special purpose grants.

CHAPTER VII

GENERAL OBLIGATIONS OF MEMBERS

ARTICLE 35

General obligations of members

The members of the Fund undertake the obligations set out in this Agreement. In particular, the members of the Fund undertake:

(a) to avoid discriminatory currency practices in respect of the currencies of other members;

(b) to furnish the Fund with such information as it deems necessary for its activities.

ARTICLE 36

Obligations of Regional Member States

1. The Regional Member States shall use their best endeavours to direct their economic and fiancial policies towards the objective of fostering economic integration and co-operation in monetary, financial and fiscal matters in Africa.

2. Each Regional Member State shall endeavour to follow exchange rate policies that are compatible with its own economy taking into account the interests of the other Regional Member States, and consistent with the objectives of the Fund.

CHAPTER VIII

STATUS, IMMUNITIES, PRIVILEGES AND EXEMPTIONS

ARTICLE 37

General

To enable the Fund to discharge the functions with which it is entrusted, the status, immunities, exemptions and privileges set forth in this Chapter shall be accorded to the Fund in the territories of each Regional Member State and other States which are members of the Fund.

ARTICLE 38

Status of the Fund

The Fund as an autonomous financial institution shall possess full international juridical personality and in particular, the capacity:

(i) to contract;
(ii) to acquire and dispose of immovable and movable property; and
(iii) to institute legal proceedings.

ARTICLE 39

Immunity from judicial process and other actions

1. The Fund, its property and its assets, wherever located and by whomsoever held, shall enjoy immunity from every form of judicial process except in cases arising out of its borrowing powers when it may be used only in a court of competent jurisdiction in the territory of a member in which the Fund has its principal Office, or in the territory of a member where it has appointed an agent for the purpose of accepting service or notice of process or has issued or guaranteed securities. No actions shall, however, be brought against members of the Fund or persons acting for or deriving claims from members.

2. The property and assets of the Fund, wherever located and by whomsoever held, shall be immune from search, requisition, attachment, execution, confiscation, expropriation or any other form of seizure by legislative, executive or judicial action.

3. The archives of the Fund shall be inviolable.

4. To the extent necessary to carry out the activities provided for in this Agreement, all the property and assets of the Fund shall be free from restrictions, regulations, controls and moratoria of any nature.

5. The official communications of the Fund shall be accorded by Regional Member States and other States which are members of the Fund, the same treatment as the official communications of each other.

ARTICLE 40

Immunities and privileges of officers and employees

1. All Governors, Executive Directors, Alternates, members of committees, representatives, experts, consultants, advisers of any of the foregoing persons, officers and employees of the Fund:

(i) shall be immune from legal process and arrest with respect to acts performed by them in their official capacity except when the Fund waives this immunity;

(ii) not being local nationals,,shall be granted the same immunities from immigration restrictions, alien registration requirements and national service obligations and the same facilities as regards exchange restrictions as are accorded by members to the representatives, officials and employees of comparable rank of other Regional Member States or other States which are members of the Fund;

(iii) shall be granted the same treatment in respect of travelling facilities as is accorded by members to representatives, officials and employees of comparable rank of other Regional Member States or other States which are members of the Fund.

2. The immunities, exemptions and privileges provided for in this Article are granted in the interests of the Fund. The Managing Director shall have the duty to waive the immunities set out in this Article in cases where, in his opinion, the immunity would impede the course of justice and can be waived without prejudice to the interests of the Fund.

ARTICLE 41

Exemptions from taxation

(a) The Fund, its assets, property, income and its operations and transactions authorized by this Agreement shall be exempt from all taxation and from all customs duties. The Fund shall also be exempt from liability for the collection or payment of any tax or duty.

(b) No tax shall be levied on or in respect of salaries and emoluments paid by the Fund to Executive Directors, Alternates, Officers or employees of the Fund.

(c) No taxation of any kind shall be levied on any obligation or security issued by the Fund, including any interest thereon, by whomsoever held:

(i) which discriminates against such obligation or security solely because of its origin, or

(ii) if the sole jurisdictional basis for such taxation is the place or currency in which it is issued, made payable or paid, or the location of any office or place of business maintained by the Fund.

ARTICLE 42

Application

Each Regional Member State or other State which is a member of the Fund, shall take such action as is necessary in its own territory for the purpose of making effective in terms of its own law the principles set forth in this Chapter and shall inform the Fund of the actions which it has taken.

CHAPTER IX
CO-OPERATION WITH OTHER ORGANIZATIONS

ARTICLE 43
Co-operation with other institutions

The Fund shall co-operate with other subregional, regional and international institutions which pursue objectives or are engaged in activities similar to those of the Fund.

CHAPTER X
REGULATIONS

ARTICLE 44
Power to make regulations

Subject to the provisions of this Agreement, the Board of Governors may make such regulations, including financial regulations and limits that may be imposed on the operations of the Fund, being consistent with the provisions of this Agreement, as it considers necessary or appropriate to further the objectives and functions of the Fund.

CHAPTER XI
INTERPRETATION AND SETTLEMENT OF DISPUTES

ARTICLE 45
Interpretation

Any question of interpretation or application of the provisions of this Agreement arising between any member and the Fund or between two or more members of the Fund shall be submitted to the Board of Executive Directors for decision. If there is no Executive Director of its nationality on the Board of Executive Directors, a member particularly affected by the question under consideration shall be entitled to direct representation in such cases. Such right to representation shall be regulated by the Board of Governors.

ARTICLE 46

Settlement of disputes

1. If a dispute shall arise between the Fund and a member or between the Fund and a former member of the Fund upon the termination of the operations of the Fund, such dispute shall be submitted to arbitration by a tribunal of three arbitrators. One of the arbitrators shall be appointed by the Fund, another by the member or former member concerned, and the third, jointly by the parties. Where the parties are unable to appoint a third arbitrator, the dispute shall be submitted to the International Court of Justice for arbitration.

2. A majority vote of the arbitrators shall be sufficient to reach a decision which shall be final and binding on the parties and a decision of the arbitrators may include an order as to payment of costs and expenses.

CHAPTER XII

WITHDRAWAL, SUSPENSION AND EXPULSION FROM MEMBERSHIP

ARTICLE 47

Withdrawal from membership

1. Any member of the Fund wishing to withdraw from the Fund shall give to the Managing Director one year's written notice of its intention to withdraw and at the end of such year shall, if such notice is not withdrawn, cease to be a member of the Fund.

2. During the period of one year referred to in paragraph 1 of this Article, a member of the Fund wishing to withdraw from the Fund shall nevertheless observe the provisions of this Agreement and shall remain liable for the discharge of its obligations under this Agreement.

ARTICLE 48

Suspension of membership

1. If a member of the Fund fails to fulfill its obligations to the Fund, the Board of Governors may suspend such member by an eighty-five per cent majority of the total voting power of the members of the Fund.

2. The member so suspended shall automatically cease to be a member of the Fund one year from the date of its suspension unless the Board of Governors decides within that period and by the same majority necessary for suspension, to restore the member to good standing.

3. While under suspension, a member shall not be entitled to exercise any rights under this Agreement but shall remain subject to all its obligations.

ARTICLE 49

Expulsion

1. In the case of persistent failure on the part of a member of the Fund to honour its obligations to the Fund or behaviour in its part that could or gravely prejudice the interests of the Fund, the Board of Governors may immediately by a majority vote representing not less than eight-five per cent of the total voting power of the members of the Fund, expel the member concerned from membership of a Fund.

2. Any member of the Fund expelled in pursuance of the provisions of paragraph 1 of this Article shall immediately cease to participate in the affairs of the Fund but shall nevertheless remain liable for the discharge of its obligations to the Fund under this Agreement.

ARTICLE 50

Settlement of accounts upon withdrawal, suspension or cessation of membership

1. For the purpose of this Article the words "the relevant date" shall mean in respect of any member of the Fund either the date on which that member delivered a notice of withdrawal in accordance with the provisions of Article 47 of this

Agreement or, as the case may be, the date on which that member ceased to be a member in accordance with the provisions of Articles 48 and 49 of this Agreement.

2. After the relevant date, a member of the Fund shall remain liable for any balance required by the Fund to be paid by the member on account of the amount originally subscribed for its shares and for any calls made by the Fund pursuant to the provisions of paragraph 7 of Article 8 of this Agreement in respect of the contingent liability of that member for any calls made by the Fund in respect of that member's shares after the relevant date to meet obligations of the Fund before the relevant date but such member shall not incur liability with respect to loans, guarantees or obligations entered into by the Fund after the relevant date nor shall it share either in the income or the expenses of the Fund after the relevant date.

3. At the time a member ceases to be a member at the Fund, the Fund may arrange for the repurchase of its shares as part of the settlement of accounts with such member in accordance with the provisions of paragraphs 4 and 5 of this Article. For this purpose, the repurchase price of the shares shall be the amount certified by the Auditors appointed in pursuance of the provisions of paragraph 1 of Article 33 of this Agreement, as being the value of the shares as at the date the member ceases to be a member of the Fund.

4. The payment for shares repurchased by the Fund under this Article shall be governed by the following conditions:

(a) any amount due to the member concerned for its shares shall be withheld so long as that member remains liable immediately, in the future or contingently as a borrower or guarantor, to the Fund and such amount may, at the option of the Fund, be applied on any such liability as it matures. No amount shall be withheld on account of the contingent liability of the member for future calls on its subscription for shares in accordance with the provisions of paragraph 7 of Article 8 of this Agreement. In any event, no amount due to a member for its shares shall be paid until twelve months after the date on which the member ceases to be a member of the Fund;

(b) payments for shares may be made from time to time, upon their surrender by the member concerned, to the extent by which the amount due as the repurchase price in accordance with paragraph 3 of this Article exceeds the aggregate amount due immediately, in the future or contingently from such member as a borrower from or a guarantor to the Fund as referred to in sub-paragraph (a) of this paragraph, until the former member has received the full repurchase price;

(c) payments shall be made in such available currencies as the Fund shall determine, taking into account its financial position;

(d) if losses are sustained by the Fund in respect of any financing, guarantee or other undertakings which were outstanding on the date when a member ceased to be a member of the Fund, and the amount of such losses exceeds the amount of any reserve specifically provided against such losses on that date, the member concerned shall repay, upon demand, the amount by which the repurchase price of its shares would have been reduced if the losses had been taken into account when the repurchase price was determined. In addition, the former member shall remain liable on any call for unpaid subscriptions in accordance with the provisions of paragraph 7 and 8 of this Agreement, to the same extent that it would have been required to respond if the impairment of capital had occurred and the call had been made at the time the repurchase price of its shares was determined.

(e) nothing herein contained shall render any member whether or not he shall cease to be a member of the Fund liable in its capacity as a member or former member of the Fund for any sum or sums in excess of the portion of the issue price of his shares for the time being unpaid.

5. If the Fund terminates its operations in accordance with the provisions of Article 51 of this Agreement within twelve months of the date upon which any member ceases to be a member of the Fund, all rights of the member concerned shall be determined in accordance with the provisions of Articles 50, 52, and 53 of this Agreement. Such member shall be considered as being still a member for the purposes of such Articles but shall have no voting rights.

CHAPTER XIII

TERMINATION OF OPERATIONS OF THE FUND

ARTICLE 51

Termination of operations

1. This Agreement shall be of indefinite duration.

2. Notwithstanding the provisions of paragraph 1 of this Article, the Fund may terminate its operations by resolution of the Board of Governors approved by a vote representing not less than eighty-five per cent of the total voting power of the members of the Fund.

3. After the operations of the Fund have been terminated in accordance with the provisions of paragraph 2 of this Article, the Fund shall forthwith cease all activities, except those incidental to the orderly realization, conservation and preservation of its assets and the settlement of its obligations.

ARTICLE 52

Liability of members and payment of claims

1. In the event of the termination of the operations of the Fund, the liability of all members for uncalled subscriptions to the capital of the Fund shall continue until all claims of creditors, including all contingent claims, shall have been discharged.

2. All creditors holding direct claims shall first be paid out of the assets of the Fund and then out of payments to the Fund on calls on unpaid or callable subscriptions. Before making any payments to creditors holding direct claims, the Board of Executive Directors shall make such arrangements as are necessary in its judgement, to ensure a pro rata distribution among holders of direct and contingent claims.

ARTICLE 53

Distribution of assets

1. No distribution of assets shall be made to members of the Fund on account of their subscriptions to the capital of the Fund until all liabilities to creditors shall have been discharged or provided for and any such distribution shall be approved by a vote of the Board of Executive Directors representing not less than eighty-five per cent of the total voting power of the members of the Fund.

2. Any distribution of the assets of the Fund to its members shall be in proportion to the capital held by each member and shall be effected at such times and under such conditions as the Fund shall consider fair and equitable. The shares of the assets distributed need not be uniform as to type of asset. No member shall be entitled to receive its share in such a distribution of assets until it has settled all of its obligations to the Fund.

3. Any member of the Fund receiving assets distributed in pursuance of this Article shall enjoy the same rights with respect to such assets as the Fund enjoyed prior to the distribution of such assets.

CHAPTER XIV

AMENDMENTS

ARTICLE 54

Amendment of the Agreement

1. The Agreement may be amended only by the Board of Governors by a two-thirds majority of the total voting power of the members of the Fund.

2. When an amendment has been adopted the Managing Director shall notify all members of the amendment. Amendments shall enter into force for all members three calendar months after the month in which such communication is issued, unless the amendment specifies therein a different period.

3. Notwithstanding the provisions of paragraph 1 of this Article, the unanimous agreement of the Board of Governors shall be required for the approval of any amendment of the Agreement modifying:

(a) the right of a member to withdrew from the Fund as provided in Article 47 of this Agreement;

(b) the right to subscribe to capital of the Fund as provided in paragraph 3 of Article 7 of this Agreement; and

(c) the limitation on liability as provided in paragraphs 5 and 6 of Article 6 of this Agreement.

CHAPTER XV

FINAL PROVISIONS

ARTICLE 55

Entry into force

This Agreement shall be open for signature and shall enter into force upon ratification, acceptance, approval or accession by thirty-five African States in accordance with their various constitutional procedures.

ARTICLE 56

Accession

Any of the States, [and institutions] referred to in paragraph 2 of Article 1 of this Agreement which are desirous of becoming members of the Fund after the coming into force of this Agreement shall submit a request for accession to the Managing Director who shall thereafter submit the request to the Board of Governors. A request for accession shall be determined by a simple majority vote of the Board of Governors.

ARTICLE 57

Commencement of operations

1. Upon the entry into force of this Agreement and subject to the requirements of the provisions of paragraph 3 of this Article being met, each member shall appoint a Governor and an Alternate in accordance with the provisions of paragraph 1 of Article 25 of this Agreement and the Executive Secretary shall call the first meeting of the Board of Governors.

2. The meeting referred to in paragraph 1 of this Article shall:

(a) elect the Chairman of the Board of Governors pursuant to the provisions of paragraph 1 of Article 25 of this Agreement;

(b) make arrangements for the appointment of the Managing Director and other core staff of the Fund;

(c) elect the Executive Directors and their Alternates and give such directions to the Board of Executive Directors and other organs of the Fund as are necessary for the expeditious and effective implementation of this Agreement.

3. The Fund shall, however, commence operations only after the first instalment of forty per cent of the paid-in capital of the Fund referred to in paragraph 2 of Article 8 of this Agreement shall have been paid-in and in any case, not later than eighteen months after the entry into force of this Agreement.

4. Where the first instalment of forty per cent of the paid-in capital stock of the Fund is not paid-in by the end of the eighteen months referred to in paragraph 3 of this Article, the Executive Secretary shall call a meeting of the Regional Member States to decide what action shall be taken.

5. The Fund shall notify its members of the date of the commencement of its operations. The Board of Executive Directors shall within one month of the commencement of the operations of the Fund hold its first meeting and:

(a) give all necessary directions to the Managing Director on the implementation of this Agreement; and

(b) do all such other things as may be necessary for the expeditious and effective implementation of this Agreement.

ARTICLE 58

Depositary

1. This Agreement, of which the Arabic, English and French texts are equally authentic, shall be deposited with the _____

2. The _____ shall transmit certified copies of this Agreement and advice concerning acceptance, approval or accession to this Agreement to the members of the Fund, and to such other international organizations as the Board of Governors shall determine.

DONE at _____ on the _____ day of _____ One Thousand Nine Hundred and Eighty Six in the Arabic, English and French Languages, all three texts being equally authentic.

IN WITNESS whereof the undersigned have placed their signatures to this Agreement the date and year herebefore written.

Country	Name	Designation	Signature	Date
Algeria				
Angola				
Benin				
Botswana				
Burkina Faso				
Burundi				
Cameroon				
Cape Verde				
Central African Republic				
Chad				
Comoros				
Congo				
Djibouti				
Egypt				
Equatorial Guinea				
Ethiopia				
Gabon				
Gambia				
Ghana				
Guinea				
Guinea-Bissau				
Cote d'Ivoire				
Kenya				
Lesotho				
Liberia				
Libyan Arab Jamahiriya				
Madagascar				
Malawi				
Mali				
Mauritania				
Mauritius				

Country	Name	Designation	Signature	Date
Morocco				
Mozambique				
Nigeria				
Niger				
Rwanda				
SAO Tome & Principe				
Senegal				
Seychelles				
Sierra Leone				
Somalia				
Sudan				
Swaziland				
Togo				
Tunisia				
Uganda				
United Republic of Tanzania				
Zaire				
Zambia				
Zimbabwe				

Schedule A

Country	Per cent Adjusted	Total share 2/	Total Share 3/
Algeria	5.59	745.33	1118.00
Angola	1.74	232.00	348.00
Benin	1.00	133.33	200.00
Botswana	1.00	133.33	200.00
Burkina Faso	1.00	133.33	200.00
Burundi	1.00	133.33	200.00
Cameroon	2.04	272.00	408.00
Cape Verde	1.00	133.33	200.00
Central African Republic	1.00	133.33	200.00
Chad	1.00	133.33	200.00
Comoros	1.00	133.33	200.00
Congo	1.40	186.67	280.00
Djibouti	1.00	133.33	200.00
Egypt	4.96	661.33	992.00
Equatorial Guinea	1.00	133.33	200.00
Ethiopia	1.99	265.33	398.00
Gabon	1.77	236.00	354.00
Gambia	1.00	133.33	200.00
Ghana	2.96	394.67	572.00
Guinea	1.48	197.33	296.00
Guinea-Bissau	1.00	133.33	200.00
Cote d'Ivoire	2.79	372.00	558.00
Kenya	2.33	310.67	466.00
Lesotho	1.00	133.33	200.00
Liberia	1.67	222.67	334.00
Libyan Arab Jamahiriya	5.54	738.67	1108.00
Madagascar	1.61	214.67	322.00
Malawi	1.00	133.33	200.00
Mali	1.38	184.00	276.00
Mauritania	1.00	133.33	200.00
Mauritius	1.55	206.67	310.00
Morocco	3.61	481.33	722.00
Mozambique	1.59	212.00	318.00
Niger	1.39	185.33	278.00
Nigeria	8.57	1142.67	1714.00
Rwanda	1.00	133.33	200.00
Sao Tome & Principe	1.00	133.33	200.00
Senegal	1.88	250.67	376.00
Seychelles	1.00	133.33	200.00
Sierra Leone	1.45	193.33	290.00

Schedule A (Cont'd.)

Country	Per cent Adjusted	Total Share 2/	Total share 3/
Somalia	1.38	184.00	276.00
Sudan	2.60	346.67	250.00
Swaziland	1.00	133.33	200.00
Togo	1.00	133.33	200.00
Tunisia	2.29	305.33	458.00
Uganda	1.82	242.67	364.00
United Republic of Tanzania	2.11	281.33	422.00
Zaire	4.29	572.00	858.00
Zambia	3.27	456.00	654.00
Zimbabwe	2.96	394.67	592.00
Total	100.01	13334.67	20002.00

Schedule B

PROCEDURES FOR THE ELECTION OF DIRECTORS

(1) At the election of Directors each Governor shall cast all votes of the member he represents for a single persons.

(2) The nine persons receiving the highest number of votes shall be Directors, except that no person who receives less than ten per cent of the total voting power of the members shall be considered as elected.

(3) If nine persons are not elected at the first ballot, a second ballot shall be held in which the persons who received the lowest number of votes in the preceding ballot shall be ineligible and in which votes shall be cast only by:

(a) Governors who voted in the preceding ballot for a person who is not elected;

(b) Governors whose votes for a person who is elected are deemed, in accordance with paragraph 4 of this Schedule, to have raised the votes cast for that reason above twelve per cent of the total voting power of the members.

(4) (a) In determining whether the votes cast by a Governor shall be deemed to have raised the total number of votes for any person above twelve per cent, the said twelve per cent shall be deemed to include, first, the votes of the Governor casting the highest number of votes for that person, and then, in diminishing order, the votes of each Governor casting the next highest number until twelve per cent is attained;

(b) Any Governor part of whose votes must be counted in order to raise the votes cast for any person above ten per cent shall be considered as casting all his votes for that person even if the total number of votes cast for that person thereby exceeds twelve per cent.

(5) If, after the second ballot, nine persons are not elected, further ballots shall be held in conformity with the principles laid down in this Schedule, provided that after eight persons are elected, the ninth may be elected notwithstanding the provisions of paragraph 2 of this Schedule by a simple majority of the remaining votes. All such remaining votes shall be deemed to have counted towards the election of the ninth Director.